

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3309-02
Bill No.: SB 630
Subject: Elderly; Revenue Department; Taxation and Revenue.
Type: Original
Date: January 18, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Blind Pension Trust*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*** Offsetting Income and Expenses**

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government*	\$0	\$0	\$0

* **Offsetting Income and Expense**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Tax Commission** assume the proposal would not fiscally impact their agency.

Officials from the **Department of Revenue (DOR)** state the proposal would expand the requirements for the Homestead Preservation Tax Credit, allowing an increase in the number of credit applications filed. The administrative impact to the DOR will be minimal and will be absorbed by the Personal Tax area and the phone connections area.

Officials from the **Office of the Secretary of State (SOS)** state the Department of Revenue is to request the needed funds from the legislature. If funds are appropriated, SOS assumes their State Library will be responsible for distributing the funds to local libraries. It is unclear, however, whether the Department of Revenue would pass this to the State Library or distribute the funds itself.

SOS states that additional provisions in the bill would clarify the eligibility for people who are disabled. This may have the affect of increasing or decreasing the amount of property taxes lost by libraries.

ASSUMPTION (continued)

SOS also assumes there would be costs due to additional publishing duties related to the Department of Revenue’s authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 10 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 15 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$615, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Cole County Assessor’s Office** state the proposal does not appear to have any effect on the already existing duties concerning this legislation.

Officials from the counties of **St. Charles, Clay and Greene** did not respond to our request for fiscal impact.

Oversight assumes the proposal would result in an increased number of applications filed for the Homestead Preservation Tax Credit. Oversight does not know how many newly eligible applicants may apply for this credit. Therefore, Oversight has assumed an unknown fiscal impact to the State to reimburse the local political subdivisions for credits issued to joint owners or owners in tenancy in common now eligible under this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Cost - Reimbursement for Property Tax Credits</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2007 (10 Mo.)	FY 2008	FY 2009
BLIND PENSION FUND			
<u>Revenue</u>			
Reimbursement from appropriation for Senior Property Tax Credit	Unknown	Unknown	Unknown
<u>Revenue reduction</u>			
Senior Property Tax Credits	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
POLITICAL SUBDIVISIONS			
<u>Revenue</u>			
State reimbursement to taxing authorities from appropriation for Homestead Exemption Credit	Unknown	Unknown	Unknown
State reimbursement to county assessment funds from appropriation for Homestead Exemption Credit	Unknown	Unknown	Unknown
<u>Revenue reduction</u>			
Property tax credits	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

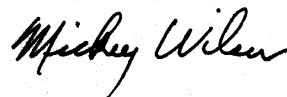
This proposal modifies the eligibility requirements for properties owned by unmarried people as joint tenants or as tenants in common. If the property is owned by two or more unmarried individuals, each person with an ownership interest must individually satisfy the age or disability requirements for an eligible individual owner, and the combined income of all individuals with an ownership interest must not exceed seventy thousand dollars. If any one individual fails to satisfy these eligibility requirements, then all individuals with an ownership interest in the property will be deemed ineligible.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of the Secretary of State
Missouri Tax Commission
Cole County Assessor

NOT RESPONDING: Assessors for the counties of St. Charles, Clay and Greene



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Director
January 18, 2006